

City of Ada
Regular Meeting of the City Council
Tuesday, May 5, 2015 – 6:00 P.M. – Council Chambers

Agenda

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Roll Call**
- IV. Citizen Forum** – *Individuals may address the council about any item of concern. A maximum of 15 minutes is allotted for the forum. If the full 15 minutes are not needed for the forum, the City Council will continue with the agenda. The City Council will take no official action on items discussed at the forum, with the exception of referral to staff or commission for future report.*
- V. Consent Agenda** – *These items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event the item will be removed from the Consent Agenda and placed elsewhere on the agenda.*
 - A.** April 7, 2015 Council Meeting minutes
 - B.** City Pre – paid checks
 - C.** City Accounts payables
 - D.** Approve hiring Andrew Stene as a Compost attendant / mosquito sprayer and Ismal Ishalam as Public Works Summer Labor.
- VI. Approve Agenda** – *No item of business shall be considered unless it appears on the agenda for the meeting. Council Members may add items to the agenda by a majority vote of the council.*
- VII. External Presentations with possible discussion and decision.**
 - A.** Monte Eastvold – Northland Securities – Resolution 2015-05-01 – Issuance of Refunding Bonds.
- VIII. Reports of Department Heads and Committees**
 - A.** Mayors Report
 - 1) Interviews for vacant council seat.
 - B.** Administrator / Clerk / Treasurer Report.
 - 1) Community Appreciation Day
 - 2) Department Updates.

IX. Old Business

- A. Garbage rates for Home Businesses.
- B. City Hall Sale Criteria
- C. 2016 Ballot Referendum for continuation of On – sale operation at Ada Municipal Liquor Store
- D. Protocol for Hiring and Termination of Part – time and Seasonal Employees and Enforcement of Full – time Employee Personnel Policy.

X. New Business

- A. Kaleidoscope guests
- B. Pool pak bid opening.
- C. Sale of lots in Cougar Addition.
- D. Resolution 2015-05-02 – Summerfield Refunding Bonds

XI. Adjournment

City of Ada
Minutes of the Regular City Council Meeting
April 7, 2015 – 6:00 P.M.

City Hall

Members present: Mayor Jim Ellefson, Members Candy Robertson, John Rosenberger, Neil Miller, Jim Hansen, Rich Pinsonneault.

Members absent: Member Craig Edwards.

Others present: Marissa Kappes, Roxanne Visser, Shelley Kappes, Virginia Olson, Connie Rucinski, Karen Wagner, Pat Pfund, Tyson Hajicek – Moore Engineering, Josh Heggem – Attorney via Skype, James Leiman, LeeAnn Hall, Larry Millender, Mark Askelson – KRJB Radio, and others.

IV. Public Forum – Ada Liquor Store. Mayor Ellefson welcomed everyone and stated the purpose of the forum was to hear public comment on the City owning an on / off sale liquor store. Member Miller stated that due to his conflict of interest (owns a competing business) he will not be participating in the discussion as he didn't want to have any influence on the council. Member Miller removed himself from the meeting. Member Pinsonneault gave the following statement:

"Before I make my prepared statement, I feel a need to make a couple of points. There is no one around this table, to my knowledge at least, that would ever countenance closing the on and off-sale, especially because the problems that are there are fixable. Nor do I believe there is anyone around this table that would consider making such a huge decision about changing the combination liquor store into an off-sale, at least without residents voting for it on a ballot. Yes, we all have personal opinions, personal opinions that we've all voice here, but those don't come into play when making this kind of decision, it's too big of a decision for us to make at this table. That's my opinion.

As for my statement: Six years ago, our city had approximately 1.2 million in savings, money not spoken for. Today it's at \$800,000, one-third less. Though we call it the Bridges fund, and do our best to protect it, dramatic decreases in state government aid over the years, and emergencies we've faced as a community, have all forced us to spend a considerable portion of it.

With upcoming sewer and street issues, to maybe even an upcoming second new well, in addition to other emergencies that always seem to crop up, I think it is logical to assume that the Bridges account will not last long beyond 10-15 years, that is, if one of the main money makers in our city, the liquor store, continues to operate near, or at, break-even. My concern is the city's future, when that savings account does begin to get close to zero. What will future Councils be forced to do? At some point, just as in our own lives, luxuries take the hit. It's my view that if we can make changes today in that operation, that we for once start operating it like a business,

we can maintain all our enterprise operations well into the future. Whatever people at this table or what voters decide if we even go that route.

As for the Dekko, current changes are already being implementing that will have a very positive effect on its cash-flow. So I'll leave that one alone in this discussion. But as for the liquor operation, I would like to suggest two possible structural changes that will have a long-term positive impact on the city's financial balance sheet. In my opinion, one of these should be handed over to voters to decide as a ballot measure for November 2016, while my other suggestion is one that could and should be implemented immediately.

First, as to what I suggest should be handed over, I'd like to talk about our combination on and off-sale store. Six and three years ago, I did my own independent analysis of the operation. Our City Administrator did one recently, as well. Nothing that he found in his analysis surprised me, since I found almost identical conclusions in my own.

The on-sale is a major drain on our operation's overall profitability. In our most recent analysis, it was found that the on-sale lost \$94 for the year, while the off-sale did well. Keep in mind that this all is within the context of an operation averaging not much more than \$9,000 a year in net profit over 16 years.

The reason for the on-sale's drain on profitability is simple. Not only do on-sales have dram shop expenses, they are traditionally high in labor expenses, since the operation generally requires more than one individual to operate it at one time, where off-sales, on the other hand, can easily be operated with no more than one individual at one time. Coupled with the fact that we are a government entity, we exacerbate labor expenses by having to provide government wages and benefits to employees, which causes an inordinate and substantial drain on the profit. This is not just my opinion. The state's own website states, "Operating expenses are generally much higher for on-sale operations due to factors such as the added costs of bartenders, wait staff, and entertainment."

Moreover, when one studies the state's website listing profit and losses for municipal operations for 2013, since 2014 isn't yet available, one can quickly find similar proof to what we in Ada are experiencing. I found five small towns with on and off sales similar in size to us. The cities of Audubon, Browersville, and Fairfax lost \$24,000, \$12,000, and \$44,000, respectively. The cities of Frazee and Kenyon made money with \$11,000 and \$19,000, respectively. That's a cumulative loss of \$30,000, if you include Ada in the mix.

When you look at similar sized towns that have just an off-sale only, I found the opposite. Lakefield, Madelia, Madison, and Warroad, all with similar populations, made a combined \$300,000. Since Warroad can be argued to be an outlier, even if I cut their gross sales down to

equal ours, the combination of cities would have made \$200,000. But any way you look at it in their report, you'll find example after example of off-sales generally doing better in small communities.

Most importantly, almost all averaged 10% plus returns on gross sales, where combination stores like ours struggle to get to 10. To add even more information, as far as the top net profit producing entities in the state are concerned, 15 of the top 20 cities had off-sale operations only.

I would like to share a fact: If we had had averaged 10.4% in gross profit margins, as these combined small town off-sale only stores averaged, our city would have made \$870,000 instead of \$149,000. That would have wiped out all of the monies that have taken out of our Bridges account. But in the end, in my opinion, this decision is too big for me or anyone at this table to decide. It needs to go to the voters.

As for the rest, what we should do immediately, we need to start running it like a business, whether a vote occurs today or in the future a ballot idea, and whatever the voters would decide if people at this table ever agreed to even putting it on the ballot:

We must stop allowing management at the bar level to decide whether we make a profit, and how much profit is reasonable. This philosophy is exactly why we end up with \$9000 averages over 16 years. With zero incentive to run our store much above cost, it should come as no surprise that even though labor expenses at the bar have been going up every year, we've not had a price increase in six years on the bar side. It seems to take one of these types of meetings before management even consider raising prices. That's got to stop. And in the end, that's not managements fault, it's ours at this table because we put up with it.

Again, we are running a business, and need to act that way. If it ends up remaining a combination store, expenses will have to be reduced, if it is to contribute anything of value to our long-term savings. One of the most glaring issues is what we pay management. With our paying a bar manager near \$70,000, which includes salary, retirement, and other benefits, it will be difficult for that entity to ever make the \$40,000-\$50,000 a year it should be making on \$500,000 in gross sales. Though its not fun to discuss, it's a fact, one that needs to be addressed, however uncomfortable. We need to ask ourselves, can or should we operate it with a part-time manager instead, which could free up enough income to finally make the contributions into the general fund that this type of operation should contribute?

Whatever we do, operating any part of this business at or near cost is unacceptable. To be frank, it's no wonder to me that local private bars and jobs have been forced out of the market, particularly since we have basically forced them to compete with an operation that doesn't have price increases, and basically operates at -\$94 a year. That has to stop.

The fix as far as I am concerned is to assign our Administrator the task of making a reasonable profit in both sides of the operation, enough so for a significant positive transfer into the City's savings accounts each year. Significant would be defined as 8-10% gross profit return on the combination's overall gross sales. How he does it is up to him. Whether he chooses to do it with price increases, existing management or changed management and labor structure, is entirely up to him. All that matters is that appropriate changes take place to pry gross profit off the basement floor on the on-sale, and to protect and enhance what may already be in place in the off-sale.

This will involve putting new accounting practices in place, changes that would split the two operations. And in the end, all that matter is this. That enterprise needs to do what it was put in place to do, which is to make significant contributions towards city coffers.”

Roxanne Visser questioned if Rich compared to anyone closer, perhaps Twin Valley? Rich stated that he was looking at population.

Jennifer Atwood stated that she doesn't think the City should be competing with local business as we have a hard enough time keeping them. She felt this is especially true with the on-sale. She stated that is why there shouldn't be another grocery store or gas station, as we shouldn't be competing with the businesses that we want in town.

Roxanne Visser rebutted that if what Jennifer is saying is true than if Anytime Fitness comes to town then are they going to close the Dekko Center because that is saying the same thing. She stated that this is her opinion and asked the public if anybody agreed. For the record she stated that several others were nodding their heads in agreement.

Carl Swenson stated that he was in Tubby's on February 20th and there were two council members that came in with the City Administrator. When he asked what they were doing, the council member stated 'you know what we are doing, we are shutting the liquor store down' and then stated that he was just joking. Two weeks later it was on Kaleidoscope that they council was trying to shut it down. One of those members has now resigned. He questioned if that was a violation of the Open Meeting Law?

Connie Rucinski felt they have been meeting illegally since she has lived here and it needs to end. She felt we need honesty in this town, not the 'good ole boys club'.

Marissa Carlsrud stated that some of the towns Member Pinsonneault referred to in his speech were tourists towns and may not be comparable. Rich stated that he adjusted their sales down to match Ada's in his analysis. Marissa also went on to speak on behalf of the Borup Community Club and the contributions it makes to the community through gambling funds from the Liquor Store pull tabs and gaming. She stated that over the last 5 years the Borup Community Club has

given the City over \$22,000.00. She also went on to point out the effect of the loss of jobs on the community and the school. Marissa stated that in the council minutes the city has these big plans to keep the city going and she didn't want to see another business close whether it is city run or not. She felt competition is good and forces business owners to be innovative and push themselves rather than stating that they aren't making any money cause the city's taking all my business. She stated that people need to have options, when there aren't options, you have to go elsewhere. She explained that closing it would affect the school, housing, the Dekko, and other things. She stated that if they close the liquor store they would be losing the gambling funds which would in turn hurt other organizations. (Applause was heard in the room in response to Marissa's comments.)

Roxanne Visser asked for a show of hands in the room of those in support of the liquor store staying open 'as is'. (Several in the room raised their hands.) She also reiterated Member Pinsonneault's comment that they need to start running the liquor store as a business and asked him to offer further detail on his comment. He referred to the \$94 loss on the on – sale side. He went on to say that jobs have been lost with 3 bars closing over the last 15 years and although the City isn't solely responsible he has a hard time believing that it didn't play a part by running at such a low profit. He felt both side of the operation need to be making a reasonable profit.

Connie Rucinski stated that she felt the problem with the VFW was a lack of membership and management.

Virginia Olson had asked City Hall about splitting out the on and off sale and they didn't have a breakdown. She asked how the council was able to break it down. Member Pinsonneault stated that for the last 6 years they have asked 50 times for management to split the two operations. They were told 3 years ago that if they spent \$8,000 on a fancy till that those numbers would then be provided. He stated that they have heard nothing but crickets since even though they have asked for those numbers numerous times. He has been told by people that work there that you can access those numbers but they are not being provided. He stated that he called other cities with similar operations and asked how they split out the variable costs like labor and took their average numbers because management was refusing to provide it. Virginia stated that they utilities are going to be the same, 90% of the time they are single staffed so that is going to be the same. She stated that there was talk about buying the building next door and she felt that the people still need to come through the door and they don't need to expand.

Roxanne Visser asked if the \$9,000.00 profit that they are speaking of was before or after the transfers to the general fund. Administrator Leiman stated that it is before transfers and would be unfair to the calculus to consider it.

Chuck Kroshus questioned what the different percentages were for the on and off sale and asked if the transfer of product is being counted as a sale. Member Pinsonneault stated that it is not happening. Connie Rucinski interjected by stating that she knew for a fact that those transfers are being made. Back to Chuck's question, James Leiman stated that for every dollar that is spent at the bar, four dollars is being spent in the off sale.

Member Hansen stated that they are not looking to make a decision tonight, however they are going to ask the Administrator to come up with a new business plan for the liquor store so that it is profitable.

Gerrie stated that all inventory is tracked and transferred through the computer system right down to the ounce.

Marissa Carlsrud referred to the State of the City Address that was given by the Mayor at the January meeting. In the address it was stated that the City Council shouldn't be spending time putting out fires and she felt that this is what they are doing and asked if they don't have bigger things to worry about. Mayor Ellefson gave detail on the council's responsibility for maintaining the budget and how the Liquor Store operation affects the budget.

Virginia Olson asked if the liquor store had a fund set aside for repairs, maintenance and such expenses. Mayor Ellefson stated that there was money used from a capital fund to pay for the coolers along with an energy grant. He stated that the liquor store needs to stand on its' own without help from the general fund. Virginia asked if it has stood on its' own over the past years and questioned the money that is set aside. James Leiman stated that the profits are set aside for the aggregate business operation.

Gerrie stated that if she goes back to when she started as manager, the average profit per year has been \$26,366.73 and the total of the transfers has totaled \$90,000.00. She also stated that there is \$263,000.00 in the liquor fund. Gerrie went on to state that she felt that she just had a public evaluation. She stated she has asked the council on several occasions what information they want to see and she feels she hasn't been told. Gerrie commented that the council comments that she hasn't raised prices which she stated that it is hard to increase prices when other establishments are holding steady.

Roxanne Visser gave comments to the trickledown effect of jobs lost and the dollars that get spent locally in reflection to those jobs. She also went on to say that if people support their town by buying local, some of these issues will resolve themselves.

V. Citizens Forum. Member Miller re-joined the meeting. David Earles – 607 East 1st Ave, stated that he would like to see something done about the speed of the traffic that goes by his

house. Perhaps with yield or stop signs. James Leiman will work with Public Safety and Public Works.

David Earles also addressed a different issue regarding having a fence in the front yard. He asked if there is something that can be done to allow a fence in the front yard.

Karen Wagner questioned why the City hasn't done anything to take care of its only historic building – City Hall. She stated how disappointing it is to see this building deteriorating as it represents Ada's history. Karen stated that \$22,000 was spent on automatic showers at the Dekko and \$4,600 on the kiddie pool that still isn't fix and questioned if that money could have been better spent elsewhere. Rich stated that they last price the council was given was around \$600,000 to restore the building. Karen questioned if the Public Works Building needed a new roof, would they put a new roof on? Rich stated that they would.

VI. Consent Agenda. Listed on the consent agenda was: March 3, 2015 Council meeting minutes, City pre – paid checks - \$154,005.31, City accounts payable - \$125,156.52, approve hiring Chantelle Kappes and Connie Renshaw as Desk Clerks at the Dekko at Salary Grade 1, Step 4, approve hiring Anita Torkelson as Cleaning Staff at the Dekko at Salary Grade 3, Step 6 and Alyse Brockway at Salary Grade 3, Step 3, approve hiring Dawn Kappes for Ice Skating Lessons for \$90.00, approve donation to the Ada – Borup Post prom - \$500.00, approve list of licenses.

Member Rosenberger suggested moving the new hires to New Business.

Motion by Member Robertson, second by Member Miller to approve the consent agenda with changes. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

VII. Approve Agenda. Tyson from Moore Engineering was placed on the Administrator's Report, City Hall criteria.

Motion by Member Rosenberger, second by Member Robertson to approve the agenda with changes. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

IX. A. 1. Mayor's Report. Approve Resolution 2015-04-02 – declaring vacancy of Member At Large Seat. The council will post the vacancy and have a time set aside at the next meeting for the candidates to share their views.

Motion by Member Pinsonneault, second by Member Hansen to approve Resolution 2015-04-02. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

2. Arbor Day Declaration. Mayor Ellefson declared April 24th as Arbor Day and encouraged everyone to observe it.

B. 5. Administrator / Clerk / Treasurer report. Moore Engineering. Approval is needed for a DNR Reimbursement request in the amount of \$269,209.41.

Motion by Member Pinsonneault, second by Member Robertson to approve the DNR Reimbursement Request in the amount of \$269,209.41. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

Braun Intertec Proposal for an environmental assessment for Phase 2.

Motion by Member Pinsonneault, second by Member Miller to approve the proposal from Braun Intertec not to exceed \$18,652.40. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

FEMA Flood Plain Maps. The City received the letter stating that the Flood Plain Maps will become effective on September 30, 2015. Tyson went over the process that will need to happen by that date in respect to changing ordinances, holding public hearings, etc. The DNR will also come and facilitate an open meeting to answer questions about the changes. The City won't be able to have the flood plain maps changed until after the flood project is completed. The City will be submitting a petition to exclude the part of Ada that lies north of Hwy 200 from the flood plain once the levy is certified. The remaining area of the City won't be able to be certified until after the south levy is completed. The benefit to residents in having a flood levy is not only to offer protection against flooding but also would save money for those who are required to purchase flood insurance.

New Well. Tyson gave an update on the progress of the well project. He also had two pay request for the contractor. Pay request #2 in the amount of \$14,630.11 and pay request #3 in the amount of \$45,454.66 to be paid to Municipal Builders Inc.

Motion by Member Pinsonneault, second by Member Hansen to approve pay requests 2 & 3 for Municipal Builders Inc. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

4. Department Updates. James gave an update on the software used by the City and how the City might better utilize it to maximize efficiencies. He also gave an update on the progress of the upgrades for the Dekko. James was looking for permission to go forward with purchases for the new carpet, air fresheners, cameras, weights and the pool obstacle course.

Motion by Member Robertson, second by Member Rosenberger to make the purchases as requested. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

James informed the council of the trees that available to citizens at no charge for boulevard beautification. Fifty five trees will be available on a first come first serve basis.

1. Email address and record retention conversion. James stated that everyone is on the same email system and is able to retain records in accordance with State guidelines.

2. Update on Community and Economic Development. James included in the agenda packet the plan moving forward for the community groups working toward development of the area.

X. A. Old Business. Garbage Rates for Home Businesses. Member Robertson wanted to bring back the garbage rate resolution for discussion. Items she would like to discuss would include the senior rate and the home business rate and what criteria are used to determine the rate for home businesses. James will research the criteria and bring it back in May. Member Robertson requested that people not be charged the new rates yet.

D. Update on live council meeting production. James stated that for about \$2,000 the City could air the council meetings live. This could happen as soon as May.

XI. New Business. Kaleidoscope guests. Member Rosenberger volunteered.

B. Approve Resolution 2015-04-01 – Sale of Property to Weave Got Maille.

Motion by Member Pinsonneault, second by Member Robertson to approve Resolution 2015-04-01. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

C. Approve Resolution 2015-04-03 – Transfer of Land to Pinnacle Agriculture Distribution, Inc.

Motion by Member Pinsonneault, second by Member Miller to approve Resolution 2015-04-03. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

D. Tree City USA Designation and requirements and Arbor Day Proclamation. This designation would open up the city to opportunities to grants and other funding available.

E. City Hall Sale criteria. James stated that there is a lot of interest in purchasing the building. The council discussed what criteria they would like to see for that building. Attorney Heggem suggested entering into a development agreement. James, Todd Sawrey and Karen Wagner will work together to develop criteria for the development agreement and bring it back to the May council meeting.

F. Approve hiring Chantelle Kappes and Connie Renshaw as Desk Clerks at the Dekko at Salary Grade 1, Step 4, approve hiring Anita Torkelson as Cleaning Staff at the Dekko at Salary Grade 3, Step 6 and Alyse Brockway at Salary Grade 3, Step 3, approve hiring Dawn Kappes for Ice Skating Lessons for \$90.00. Member Rosenberger questioned why these people are already working when they haven't been hired. He wouldn't be opposed to having a special meeting to get people hired before they actually start work. James agreed that better planning would have prevented this from happening and that he is working with the management team to make the process flow better. Member Rosenberger stated that they city does not have a ice skating instructor position so this person would need to be classified as an independent contractor so he questioned if they have the proper liability insurance. James stated that they don't have the proper coverage and he is working with Dekko management to insure this doesn't happen again. Member Rosenberger suggested to perhaps letting these individuals offer their services privately so that the City isn't liable for accidents that could occur. Member Miller also suggested having the Administrator responsible for hiring so there isn't a delay but also that the department heads should know well in advance if they are going to need to hire somebody. Mayor Ellefson suggested having the Administrator work with the Attorney to develop a hiring strategy.

Motion by Member Pinsonneault, second by Member Robertson to approve the new hires as stated. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

G. Closed session to evaluate the performance of an individual subject to council authority.

Motion by Member Pinsonneault, second by Member Miller to close the meeting at 8:30 p.m. to evaluate the performance of an individual subject to council authority – James

**Leiman. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault.
Against: None. Motion passed.**

**Motion by Member Miller, second by Member Robertson to re – open the meeting at 9:04 p.m. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault.
Against: None. Motion passed.**

XII. Motion by Member Robertson, second by Member Pinsonneault to adjourn the meeting at 9:05 p.m. Members voting for: Robertson, Rosenberger, Miller, Hansen, Pinsonneault. Against: None. Motion passed.

Respectfully submitted,

James Leiman
Administrator / Clerk / Treasurer

Jim Ellefson
Mayor

ACCOUNTS PAYABLE - APRIL 2015
REGULAR COUNCIL MEETING
Tuesday, May 05, 2015

ADA ELECTRIC		
ALS DISPOSAL	APRIL DUMPSTERS	
AMERIPRIDE	LQR-MOP, MATS	
AMERIPRIDE	PW- MATS, MOPS	\$62.44
ARCTIC GLACIER	LQR ICE	\$120.20
AUTO VALUE	PW SUPLS	\$42.05
AUTO VALUE	FIRE DEPT SUPLS	
BORDER STATES	PW- ELECTRIC PARTS	
BUSINESS FORMS	UTILITY BILL FORMS	\$3,475.43
BRUE, JAMES	APRIL- CRIMINAL LEGAL FEES	\$223.69
COCA-COLA	LQR POP	\$833.33
COMMERCIAL RECREATION SPECIALISTS	DEKKO- EQUIPMENT	\$196.68
COUNTRY LOOKS AND LOGO	LQR- SHIRTS	\$6,068.95
D-S BEVERAGES	BEER	\$20.00
ECO LAB	POLICE- ANT/RODENT	
EIR TESTING & MAINTENANCE CO	PW- SUBSTATION UPGRADES	\$105.08
FERGUSON WATERWORKS	WATER METER PARTS	
FRANCOTYP-POSTALIA	POSTAGE MACHINE FEES	
GODFATHERS EXTERMINATING	LQR- INSECT LT TRAPS APRIL-OCT, ODOR UNIT	\$56.65
GREAT NORTH PIZZA	LQR - PIZZA	\$176.00
GREAT PLAINS FIRE	FIRE- GEAR BAGS, 3500 GAL DROP TANK	
H.A. THOMPSON & SONS	DEKKO- REPAIR/MNT	\$2,167.93
HACH COMPANY	PW-D.O. TESTER FOR WASTEWATER SAMPLES	\$1,599.26
HAWKINS	PW- WATER CHEMICALS	\$594.70
HAWKINS	DEKKO -CHEMICALS/MNT SUPLS	\$725.55
HENRYS FOODS	LQR FOOD	\$1,058.30
HYDE, JOE	DEKKO-COMPUTER CLEANUP	\$40.00
INCIDENTAL ACCOUNT	CRISIS, EBILL REBATES, DEPOSIT REFUNDS, SKATING LESSONS, DEKKO INS. REFUND	\$1,956.07
INDEPTH INSPECTION	BUILDING INSPECTIONS- APRIL	
INSANE FITNESS	DEKKO TRAINER- APRIL 2015	
JET-WAY MULTIPLE SERVICES	PW- JET & VACUUM SEWER LINES	\$2,230.25
JIM'S LOCKSMITH SERVICE	DEKKO- LOCK, DOOR PULL	\$517.00

K R J B RADIO	DEKKO - ADV.	
K R J B RADIO	LQR - ADV	
K R J B RADIO	COUNCIL - ANNUAL.	
LEE BROS SALES	POLICE-VEHICLE OIL CHANGES	\$100.28
MCCOLLUM HARDWARE	POLICE - BAGS, TISSUE	\$25.58
MCCOLLUM HARDWARE	LQR - CLEANING SUPLS	\$3.73
MCCOLLUM HARDWARE	DEKKO - CLEANING SUPLS	\$197.47
MIDSTATES WIRELESS	SIREN REPAIR/MNT	\$300.00
MIDWAY MOTOR REPAIR	PW - SAW MNT	\$314.67
NEWMAN TRAFFIC SIGNS	PW - SIGNS	\$433.50
NORMAN COUNTY DAC	PW CLEANING- APRIL	
NORMAN COUNTY IMPLEMENT	PW - PARTS	\$233.75
NORMAN COUNTY INDEX	LQR - ADV	
NORMAN COUNTY INDEX	DEKKO - ADV	
NORMAN COUNTY INDEX	CLERK-ADV	
NORMAN COUNTY INDEX	POLICE - ADV	
NORTHWEST BEVERAGE	CH-WATER	
NORTHWEST BEVERAGE	POLICE - WATER	
NORTHWEST BEVERAGE	PW - WATER	
OFFICE SUPPLY PLUS	CH - ENVS,PAPER-NEWSLETTER,TONER, TAPE	\$158.41
OFFICE SUPPLY PLUS	LIQUOR -PAPER, TONER,LINER	\$256.43
OFFICE SUPPLY PLUS	DEKKO - INKCARTS,CORRECTION TAPE	\$115.33
OFFICE SUPPLY PLUS	PW-COMPUTER- BRIAN,SHIPPING	\$589.99
PEMBERTON,SORLIE,RUFER&KERSHNER	MARCH FLOOD LEGAL FEES	\$993.00
PEMBERTON,SORLIE,RUFER&KERSHNER	FEBRUARY GENERAL LEGAL FEES	\$2,034.00
PIZZA CORNER	LQR PIZZA	\$125.75
POWER HOUSE PIZZA	LQR PIZZA	
RALPHS	LQR - FOOD	\$99.37
SIMPLEX GRINNELL	DEKKO - FIRE ALARM TEST	\$515.00
SWANSTON EQUIPMENT	PW- SREET SWEEPER MNT	\$981.90
VALLEY VISION CLINIC	BRIAN R - EXAM, LENS	\$620.16
VANCO PAYMENT SOLUTIONS	DEKKO - MONTHLY SERVICE FEE	
VISSER TRENCHING	RAISE MANHOLE LID	\$431.10
WATER & LIGHT - CITY OF ADA	CITY UTILITIES	\$5,766.06
WEST CENTRAL AG SERVICES	POLICE - FUEL	

\$36,565.04

Prepda - April 2015

Paid Chk# 071878	ADA-BORUP SCHOOL	4/10/2015	\$500.00 AFTER PROM PARTY
Paid Chk# 071879	ARVIG	4/10/2015	\$695.57 CH -APRIL RENT
Paid Chk# 071880	JODY BUENG	4/10/2015	\$360.42 POLICE- MEALS,MLG,PRO MOPS, REGISTRATION
Paid Chk# 071881	MVTL LABORATORIES, INC.	4/10/2015	\$68.75 TESTING
Paid Chk# 071882	RED RIVER VALLEY CO-OP POWER	4/10/2015	\$6,325.00 MNT AGREEMENT
Paid Chk# 071883	VERIZON WIRELESS	4/10/2015	\$54.08 POLICE- CELL
Paid Chk# 071884	XCEL/NORTHERN STATES POWER	4/10/2015	\$35,402.05 MARCH ENERGY
Paid Chk# 071889	ARVIG	4/21/2015	\$1,673.72 LIQUOR
Paid Chk# 071890	JODY BUENG	4/21/2015	\$476.98 DEKKO VACCUM, POLICE-FUEL, HOTEL, MEALS
Paid Chk# 071891	DEPT. OF ENERGY W A P A	4/21/2015	\$39,419.60 MARCH ENERGY
Paid Chk# 071892	D-S BEVERAGES	4/21/2015	\$7,700.14 BEER
Paid Chk# 071893	HAGER, STEVE	4/21/2015	\$331.16 POLICE- TRAINING MEALS
Paid Chk# 071894	JAMES HANSON	4/21/2015	\$94.99 WORK BOOTS
Paid Chk# 071895	INSIGHT TECHNOLOGIES, INC.	4/21/2015	\$1,887.50 EMAIL UPDATES
Paid Chk# 071896	JOHNSON BROS WHLSE LIQUOR CO	4/21/2015	\$978.42 LQR
Paid Chk# 071897	MCKINNON CO., INC.	4/21/2015	\$2,872.85 BEER
Paid Chk# 071898	MVTL LABORATORIES, INC.	4/21/2015	\$36.00 COLIFORM COLLEERT
Paid Chk# 071899	NORTHSTAR PUBLISHING	4/21/2015	\$150.00 DEKKO- ADV
Paid Chk# 071900	PAUSTIS & SONS	4/21/2015	\$88.97 WINE
Paid Chk# 071901	PHILLIPS WINE & SPIRITS CO.	4/21/2015	\$1,680.94 LQR
Paid Chk# 071902	PRESTEGORD, KAREN	4/21/2015	\$15.00 POLICE MTG MEALS
Paid Chk# 071903	RED RIVER VALLEY CO-OP POWER	4/21/2015	\$6,577.98 APRIL CONTRACT, MARCH ENERGY
Paid Chk# 071904	U. S. POSTMASTER	4/21/2015	\$84.00 POLICE 12M PO BOX
Paid Chk# 071905	VERIZON WIRELESS	4/21/2015	\$81.70 PW POLICE CELL
Paid Chk# 071906	VINOCOPIA, INC	4/21/2015	\$104.00 WINE
Paid Chk# 071907	BUREAU OF CRIM. APPREHENSION	4/22/2015	\$180.00 POLICE-ANNUAL CJDN ACCESS
Paid Chk# 071908	HAGER, STEVE	4/22/2015	\$326.31 POLICE HOTEL
Paid Chk# 071909	U. S. POSTMASTER	4/22/2015	\$126.99 CLEANUP MAILER
Paid Chk# 071910	U. S. POSTMASTER	4/29/2015	\$276.00 BILLING POSTAGE
Paid Chk# 071911	ALEXANDER, DEB	4/30/2015	\$21.47 RED CROSS- PAPER, INKCART
Paid Chk# 071912	JODY BUENG	4/30/2015	\$780.13 POLICE- MEALS, HOTEL, MLG, SHIRTS
Paid Chk# 071913	D-S BEVERAGES	4/30/2015	\$2,276.60 BEER
Paid Chk# 071914	JOHNSON BROS WHLSE LIQUOR CO	4/30/2015	\$922.21 LQR
Paid Chk# 071915	MCKINNON CO., INC.	4/30/2015	\$3,652.80 BEER

Paid Chk# 071916	MOORE ENGINEERING, INC.	4/30/2015	\$43,815.85 FLD-SECTION 408 REPORT, PHASE 302,303,400
Paid Chk# 071917	MUNICIPAL BUILDERS, INC.	4/30/2015	\$60,084.77 PAY REQUEST #2 & #3
Paid Chk# 071918	PHILLIPS WINE & SPIRITS CO.	4/30/2015	\$2,813.69 LQR
Paid Chk# 071919	R L LARSON EXC. INC.	4/30/2015	\$217,002.12 PAYMENT #9
Paid Chk# 071920	VALLEY VISION CLINIC-ADA	4/30/2015	\$620.16 BRIAN R EXAM/LENS
Paid Chk# 071921	WILD RICE WATERSHED DISTRICT	4/30/2015	\$8,391.44 FLD-#351 ADA PETITION
			\$448,950.36

MINUTES OF THE PUBLIC WORKS BOARD MEETING
April 27, 2015

Members present: Vernon Habeck, Craig Edwards, Kim Lewis, Rod Erickson, Paul Bergman

Members absent- Bob Ramstad

Also present: Brian Rasmusson, John Kappes

Chair Edwards- called meeting to order at 5:35 p.m.

Approve Mins: Motion Erickson, Bergman 2nd approve March 30, 2015 regular meeting minutes.

Additions- Xcel situation, old bucket truck, Compost road.

OLD BUSINESS:

Water- Information on new well was work is in progress and is on schedule.

Electric- Updated Board as to where Xcel was at with the proposal for City Electric supply, Xcel will contact the City soon as possible once some affairs get taken care of. Also discussed RRV Co-op not being asked to attend as they may be considered a competitor and should not be able to see what is discussed in the proposal part. Sale of the old bucket truck was asked about. John commented that he will get this process moving and have some answers for the next meeting.

Other- Board recommended to hire One summer help, and compost attendant/mosquito sprayer. Motion Erickson, 2nd Bergman all in favor. Public Works will also run the ad for couple of more weeks due to the lack of applications.

NEW BUSINESS:

Street- Question was asked about condition of compost road. Board was informed that gas company will dress up the road as well as R L Larson will be adding more gravel when they get back in town.

Next meeting will be May ?, 2015

Adjourn

PUBLIC SAFETY COMMITTEE MEETING
Public Safety Meeting
Monday, April 13th, 2015
5:30 P.M.

PRESENT: **JODY BUENG**
 GREG HOLMVIK
 STEVE PETRY
 JOHN ROSENBERGER
 SUE HALLS
 SHAWN ROUX
 BOB JOHNSON
 TOM BAKER
 BRUCE COONFIELD

ABSENT: HALLS & EDWARDS

1. Meeting called to order at 5:34 p.m.
2. Roll call.
3. Last Minutes approved. Motion John R, Second by Greg H.
4. Additions to the agenda: None

EMS BUSINESS:

1. Thursday EMS will be running a tornado drill along with a mock drill and practical.
2. EMS doing CPR tonight for the firemen.

FIRE DEPARTMENT:

1. Steve mentioned that training for the new guys will be done on Thursday night April 16th.
2. Block 3 and Hazmat training will be next fall.
3. New pumper is progressing along. No timetable at this point.

POLICE

1. Nothing. Discussed some current events.
Meeting adjourned at 5:50.

NORTHLAND SECURITIES

Honorable City Council
City of Ada, Minnesota

Dear City Officials:

We understand that you desire to issue \$1,100,000 General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B (the "Bonds"). Accordingly, we propose as follows:

We agree to purchase \$1,100,000 General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B to be dated June 1, 2015 and to mature December 1, 2017 - 2025. We agree to pay for the Bonds \$1,098,104.05 and accrued interest to the date of settlement.

The Bonds are to be payable at Northland Trust Services, Inc., Minneapolis, Minnesota, as escrow agent, paying agent and registrar. Interest is to be payable on December 1, 2015 and semiannually thereafter. The Bonds will have the following interest rates and will mature on December 1 in the years and amounts as follows:

2017	\$125,000	2.00 %	2022	\$115,000	2.00 %
2018	130,000	2.00	2023	115,000	2.00
2019	130,000	2.00	2024	120,000	2.00
2020	135,000	2.00	2025	120,000	2.10
2021	110,000	2.00			

All Bonds will be Book Entry and in multiples of \$5,000. The average interest rate is 2.0266% and the TIC is 2.0464%.

Optional Redemption: Bonds maturing in the years 2023 through 2025, inclusive, are callable at the option of the Issuer in whole or in part on December 1, 2022 and on any date thereafter, at a price of par plus accrued interest.

This contract is made for prompt acceptance and subject to the approval of Briggs and Morgan, Professional Association (Bond Counsel) of St. Paul, Minnesota, as to the legality and regularity of all proceedings taken in the issuance of the Bonds.

The Issuer agrees to pay the expenses of registering the Bonds and the fee of Bond Counsel, recognized municipal bond attorneys, in furnishing the necessary proceedings required to authorize the issuance of the Bonds. The Issuer shall be responsible for paying agent fees on the refunded bonds when called and for the publication of the call notice.

No Advisory or Fiduciary Role. The City of Ada ("Issuer") acknowledges and agrees that: (i) the transaction contemplated by this contract is an arm's length, commercial transaction between the Issuer and Northland Securities, Inc. ("NSI") in which NSI is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) NSI has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether NSI has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations NSI has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this contract; and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF ADA, MINNESOTA

HELD: May 5, 2015

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Ada, Norman County, Minnesota, was duly held at the City Hall on May 5, 2015, at 6:00 o'clock P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of \$1,100,000 General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION 2015-05-01 PROVIDING FOR THE ISSUANCE AND SALE OF
\$1,100,000 GENERAL OBLIGATION WATER AND SEWER
REVENUE CROSSOVER REFUNDING BONDS, SERIES 2015B,
PLEDGING FOR THE SECURITY
THEREOF NET REVENUES FOR THE PAYMENT THEREOF

A. WHEREAS, the City of Ada, Minnesota (the "City"), owns and operates a municipal water system (the "Water System") and a sanitary sewer system (the "Sewer System") as separate revenue producing public utilities (the "System"); and the net revenues of the System are pledged to the payment of the City's outstanding \$1,995,000 original principal amount of General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009A, dated April 1, 2009 (the "Prior Bonds"); and

B. WHEREAS, \$1,045,000 aggregate principal amount of the Prior Bonds which matures or is subject to mandatory redemption on and after December 1, 2017 (the "Refunded Bonds"), is callable on December 1, 2016 (the "Crossover Date"), at a price of par plus accrued interest, as provided in the resolution of the City Council adopted on March 12, 2009 (the "Prior Resolution"), for the purpose, in part, of providing money to finance improvements to the System (the "Project"); and

C. WHEREAS, the refunding of the Refunded Bonds is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

D. WHEREAS, the City Council hereby determines and declares that it is necessary and expedient to issue \$1,100,000 General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B (the "Bonds"), pursuant to Minnesota Statutes, Chapter 475.67, subdivision 13, to provide funds for a crossover advance refunding of the Refunded Bonds on the Crossover Date; and

E. WHEREAS, there are currently outstanding, in addition to the Prior Bonds, (i) \$535,000 original principal amount General Obligation Utility Revenue Bonds, Series 2012A, dated August 1, 2012, which constitutes a prior lien upon the net revenues of the System (the "Outstanding Bonds"); (ii) \$2,380,000 original principal amount General Obligation Water Revenue Bond of 2004, dated June 25, 2004; (iii) \$264,245 original principal amount General Obligation Water Revenue Bond of 2005, dated December 28, 2005; and (iv) \$750,000 original principal amount General Obligation Water Revenue Bonds, Series 2015A, dated January 1, 2015 (collectively, the "Outstanding Water Bonds") of the City, the interest and principal of which constitute a prior lien upon the net revenues of the Water System; and

F. WHEREAS, as permitted by Minnesota Statutes, Section 475.60, Subdivision 2(5), the public sale requirements do not apply to the Bonds; and

G. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ada, Minnesota, as follows:

1. Acceptance of Offer. The offer of Northland Securities, Inc. (the "Purchaser"), to purchase the Bonds, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$_____, plus any interest accrued to settlement, is hereby accepted.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated June 1, 2015, as the date of original issue, shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on December 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(i) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(i) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(i) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder and the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(i) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

(i) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(i) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(i) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(i) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(i) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10 hereof, the Bonds will be delivered to the Beneficial Owners.

(i) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Refunding Findings. The Bonds shall provide funds for a crossover refunding of the Refunded Bonds (the "Refunding"). It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, Subdivision 13, and as of the Crossover Date, shall result in a reduction of the present value of the dollar amount of the debt service to the City from a total dollar amount of \$_____ for the Prior Bonds to a total dollar amount of \$_____ for the Bonds computed in accordance with the provisions of Minnesota Statutes, Section 475.67, Subdivision 12, and accordingly the dollar amount of such present value of the debt service for the Bonds is lower by at least three percent than the dollar amount of such present value of the debt service for the Prior Bonds, as required in Minnesota Statutes, Section 475.67, Subdivision 12.

4. Interest. The Bonds shall bear interest payable semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing December 1, 2015, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Year</u>	<u>Amount</u>
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	

5. Redemption. All Bonds maturing on December 1, 2023 and thereafter, shall be subject to redemption and prepayment at the option of the City on December 1, 2022, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Northland Trust Services, Inc., in Minneapolis, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12 of this resolution.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
NORMAN COUNTY

CITY OF ADA

R-___

\$_____

GENERAL OBLIGATION WATER AND SEWER REVENUE
CROSSOVER REFUNDING BOND, SERIES 2015B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
___%	December 1, ___	June 1, 2015	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE CITY OF ADA, NORMAN COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, without option of prior redemption, and to pay interest thereon semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing December 1, 2015, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Northland Trust Services, Inc., in Minneapolis, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on December 1, 2023, and thereafter, are subject to redemption and prepayment at the option of the Issuer on

December 1, 2022, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds at least thirty days prior to the date fixed for redemption.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,100,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, redemption provision and denomination, issued pursuant to and in full conformity with the Charter of the Issuer, the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on May 5, 2015 (the "Resolution"), for the purpose of providing money for a crossover refunding on December 1, 2016, of the General Obligation Water and Sewer Revenue Refunding Bonds, Series 2009A, dated April 1, 2009, which mature on and after December 1, 2017. This Bond is payable out of the Escrow Account and the General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the

rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Charter of the Issuer, the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of and connection to its municipal water system and sanitary sewer system (together, the "System") at the times and in amounts necessary to produce net revenues adequate, together with all other sources to pay all principal and interest when due on the Bonds; and that the Issuer will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on the Bonds as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any charter, constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Ada, Norman County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Administrator/Clerk/Treasurer, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: NORTHLAND TRUST
SERVICES, INC.

Payable at: NORTHLAND TRUST
SERVICES, INC.

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

This Bond is one of the
Bonds described in the
Resolution mentioned
within.

CITY OF ADA,
NORMAN COUNTY, MINNESOTA

/s/ Facsimile

Mayor

NORTHLAND TRUST SERVICES,
INC.

Minneapolis, Minnesota
Bond Registrar

/s/ Facsimile

Administrator/Clerk/Treasurer

By: _____

Authorized Signature

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship

and not as tenants in common

UTMA - _____ as custodian for _____
(Cust) (Minor)

under the _____ Uniform Transfers to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____ Notice: _____
The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

PREPAYMENT SCHEDULE

This Bond has been prepaid in part on the date(s) and in the amount(s) as follows:

<u>Date</u>	<u>Amount</u>	<u>Authorized signature of Holder</u>

8. Execution. The Bonds shall be printed (or, at the request of the Purchaser, typewritten) and shall be executed on behalf of the City by the signatures of its Mayor and City Administrator/Clerk/Treasurer and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed (or, at the request of the Purchaser, photocopied) facsimile; and provided further that both of such signatures may be printed (or, at the request of the Purchaser, photocopied) facsimiles and the corporate seal may be omitted on the Bonds as permitted by law. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of an officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be the officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and, by inserting as the date of registration in the space provided, the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is June 1, 2015. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator/Clerk/Treasurer is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 11) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator/Clerk/Treasurer to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Funds and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B Fund" (the "Fund") to be administered and maintained by the Administrator/Clerk/Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds shall have been fully paid. The Operation and Maintenance Account for the Water System and the Operation and Maintenance Account for the Sewer System (together, the "Operation and Maintenance Accounts") heretofore established by the City shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Accounts shall constitute and are referred to as "net revenues" until the Bonds, Outstanding Bonds and Outstanding Water Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all net revenues of the System as hereinafter set forth. The City Administrator/Clerk/Treasurer and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained accounts of the Fund for the purposes as follows:

(a) Escrow Account. The Escrow Account is established for the Refunded Bonds and shall be maintained as an escrow account with Northland Trust Services, Inc. (the "Escrow Agent") in Minneapolis, Minnesota, which is a suitable financial institution within or without the State. \$ _____ in proceeds of the sale of the Bonds shall be received by the Escrow Agent and applied to fund the Escrow Account or to pay costs of issuing the Bonds. Proceeds of the Bonds less proceeds used to pay costs of issuance and any proceeds returned to the City are hereby irrevocably pledged and appropriated to the Escrow Account, together with all investment earnings thereon. The amounts deposited in the Escrow Account at closing shall be in an amount sufficient to provide funds (i) to pay when due the interest to accrue on the Bonds to and including the Crossover Date; and (ii) to pay when called for redemption on the Crossover Date, the principal amount of the Prior Bonds. The Escrow Account shall be irrevocable appropriated to the payment of (i) all interest on the Bonds to and including the Crossover Date; and (ii) the principal of the Prior Bonds due by reason of their call for redemption on the Crossover Date. The moneys in the Escrow Account shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City, all in accordance with an agreement (the "Escrow Agreement") by and between the City and Escrow Agent, a form of which agreement is on file in the office of the Administrator/Clerk/Treasurer. Any moneys remitted to the City pursuant to the Escrow Agreement shall be deposited in the Debt Service Account.

(b) Debt Service Account. To the Debt Service Account there is hereby pledged and irrevocably appropriated and there shall be credited: (i) after the Crossover Date, the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Bonds; (ii) all

collections of all taxes which may be levied for the payment of the Bonds and interest thereon; (iii) any sums remitted to the City pursuant to the Escrow Agreement; (iv) any funds remaining after the Crossover Date in the Debt Service Account established by the Prior Resolution for the Prior Bonds after the same have been paid and discharged; (v) all investment earnings on funds in the Debt Service Account; and (vi) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with the Minnesota Statutes, Section 475.61, Subdivision 4.

The moneys in the Debt Service Account shall be used solely to pay the principal of and interest on the Bonds or any other bonds hereafter issued and made payable from the Fund. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Fund (or any other City account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

16. Coverage Test; Pledge of Net Revenues and Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the Bonds and the Outstanding Bonds and a sum at least five percent in excess thereof. The net revenues of the Water System are sufficient in amount to pay when due the principal of and interest on the Outstanding Water Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity with the Outstanding Bonds and the Outstanding Water Bonds for the payment of the Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bonds as the same become due.

As used herein the term net revenues means the gross revenues derived by the City from the operation of the System, including all charges for service, use, availability, and connection to the System, and all monies received from the sale of any facilities or equipment of the System or any by-products thereof, less all normal, reasonable, or current costs of owning, operating, and maintaining the System. Excess net revenues of the System in excess of those required for the foregoing may be used for any proper purpose.

Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or

additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient, in addition to all other sources, for the payment of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

17. Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues, together with the ad valorem taxes herein levied adequate to pay all principal and interest when due on the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: "Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations".

18. Excess Net Revenues. Net revenues of the System in excess of those required for the foregoing may be used for any proper purpose.

19. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

20. Escrow Agreement. On or prior to the delivery of the Bonds the Mayor and Administrator/Clerk/Treasurer shall, and are hereby authorized and directed to, execute on behalf of the City the Escrow Agreement. The Escrow Agreement is hereby approved and adopted and made a part of this resolution and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

21. Securities; Escrow Agent. Securities, if any, purchased from moneys in the Escrow Account shall be limited to securities set forth in Minnesota Statutes, Section 475.67, Subdivision 8, and any amendments or supplements thereto. The City Council has investigated the facts and hereby finds and determines that the Escrow Agent is a suitable financial institution to act as escrow agent.

22. Redemption of Refunded Bonds. The Refunded Bonds shall be redeemed and prepaid in accordance with the terms and conditions set forth in the Notice of Call for Redemption substantially in the form attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference. The Notice of Call for Redemption shall be given pursuant to the Escrow Agreement. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceedings for the redemption of the Refunded Bonds.

23. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered Holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity.

24. Certificate of Registration. The Administrator/Clerk/Treasurer is hereby directed to file a certified copy of this resolution with the County Auditor of Norman County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register.

25. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

26. Negative Covenant as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

27. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Bonds are issued by a governmental unit with general taxing powers;
- (b) no Bond is a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City);
- (d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code;
- (e) there shall not be taken into account for purposes of said \$5,000,000 limit any bond issued to refund (other than to advance refund) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond;
- (f) the aggregate face amount of the Bonds does not exceed \$5,000,000;
- (g) each of the Refunded Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;
- (h) the average maturity of the Bonds does not exceed the average maturity of the Refunded Bonds; and
- (i) no part of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued.

28. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate

entities whose obligations are treated as issued by the City) during this calendar year 2015 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2015 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

29. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described:

(a) to provide or provide or cause to be provided, to the Municipal Securities Rulemaking Board, by filing at www.emma.msrb.org, (i) at least annually, its audited financial statements for the most recent fiscal year, and (ii) notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of such event, in accordance with the Undertaking; and

(b) its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator/Clerk/Treasurer or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

30. Official Statement. The Official Statement relating to the Bonds prepared and distributed by the Purchaser is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

31. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Comment [CLT1]: Post Issuance done already.

32. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF NORMAN
CITY OF ADA

I, the undersigned, being the duly qualified and acting Administrator/Clerk/Treasurer of the City of Ada, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to providing for the issuance and sale of \$1,100,000 General Obligation Water and Sewer Revenue Crossover Refunding Bonds, Series 2015B.

WITNESS my hand on May ____, 2015.

Administrator/Clerk/Treasurer

RatingsDirect[®]

Summary:

Ada, Minnesota; Non-School State Programs

Primary Credit Analyst:

Elizabeth Bachelder, Chicago (1) 312-233-7006; elizabeth.bachelder@standardandpoors.com

Secondary Contact:

Jennifer Boyd, Chicago (1) 312-233-7040; jennifer.boyd@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Ada, Minnesota; Non-School State Programs

Credit Profile

US\$1.11 mil GO wtr & swr rev crossover rfdg bnds ser 2015A dtd 06/01/2015 due 12/01/2025

<i>Long Term Rating</i>	A/Stable	New
Ada GO wtr & swr rfdg bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'A' long-term rating to Ada, Minn.'s series 2015A general obligation (GO) water and sewer revenue crossover refunding bonds. At the same time, Standard & Poor's affirmed its 'A' underlying rating on the city's previously issued GO debt. The outlook is stable.

The bonds are primarily payable from net revenues of the municipal sewer and water utility systems, and they carry the city's full faith and credit pledge as additional security. On Dec. 1, 2016, officials will use the bond proceeds to crossover refund the 2017 through 2025 maturities of the series 2009A GO water and sewer revenue refunding bonds.

The rating reflects our assessment of the city's:

- Very weak economy, with significant population decline;
- Adequate management conditions, with "standard" financial policies and practices;
- Adequate budgetary performance, with operating results that we expect could improve in the near term relative to fiscal 2014, which closed with operating deficits in the general fund and at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 66% of operating expenditures;
- Very strong liquidity, with total government available cash of 139.3% of total governmental fund expenditures and 28.8x governmental debt service, and access to external liquidity we consider strong;
- Very strong debt and contingent liability profile, with debt service carrying charges of 4.8% and net direct debt that is 46.5% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization with 96.0% of debt scheduled to be retired in 10 years; and
- Adequate Institutional Framework score.

Very weak economy

We consider Ada's economy very weak. The city has an estimated population of 1,784 and is located in Norman County. Currently, it has a projected per capita effective buying income of 93.2% of the U.S. level and per capita market value of \$31,440. Overall, the city's market value was stable in the past year, and it at \$56.1 million in 2015. Weakening Ada's economy is its demographic profile, which includes a significant 8% population decline. The county unemployment rate was 5.0% in 2013.

Ada is approximately 40 miles northwest of Moorhead and Fargo, N.D., and is the seat of Norman County. Stable

family-owned farms surround the largely residential city. Residents have access to employment throughout Norman County or commute into the Moorhead-Fargo area.

Adequate management conditions

We view the city's management conditions as adequate, with "standard" financial policies and practices under our Financial Management Assessment methodology, indicating the finance department maintains adequate policies in some but not all key areas.

Management monitors actual revenue and expenditures compared with budgeted figures monthly and provides monthly financial reports to the city council. Management reports that it is updating the long-term capital and general fund plans, but that annually updating such plans is not a current practice. The city has no general fund reserve target. Ada follows state statutes for its investment and debt management.

Adequate budgetary performance

Ada's budgetary performance is adequate, in our opinion, with operating deficits of 4.7% in the general fund and 8.7% across all governmental funds in fiscal 2014. Our assessment accounts for the fact that we expect budgetary results could improve from 2014 results in the near term.

Management projects break-even operations or a slight surplus for the general fund and total governmental funds in fiscal 2015. The general fund depends primarily on intergovernmental aid for revenue (50%), followed by charges for services (25%) and property taxes (22%). The general fund also receives annual transfers from the liquor and electric enterprise funds to supplement operations. The 2014 financial figures are from the city's draft audit for fiscal year-end Dec. 31.

Very strong budgetary flexibility

Ada's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2014 of 66% of operating expenditures, or \$1.0 million. We expect the available fund balance will remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor. The available fund balance includes \$69,000 (4.4% of expenditures) in the general fund and \$964,000 (61% of expenditures) that is outside the general fund but legally available for operations.

The available fund balance outside the general fund includes \$116,000 in liquor fund cash and investments and \$840,000 that is committed for the hospital in the bridges revenue fund. According to management, the hospital is no longer in operation, but the council maintains the committed fund balance as an emergency operating reserve and it has remained consistent over the years. We no longer consider the long-term designation fund balance available for general operations, as management reports that it is truly meant for capital purposes and would likely not be drawn on for operating needs.

Very strong liquidity

In our opinion, Ada's liquidity is very strong, with total government available cash of 139.3% of total governmental fund expenditures and 28.8x governmental debt service in 2014. In our view, the city has strong access to external liquidity if necessary.

Very strong debt and contingent liability profile

In our view, Ada's debt and contingent liability profile is very strong. Total governmental fund debt service is 4.8% of total governmental fund expenditures, and net direct debt is 46.5% of total governmental fund revenue. Overall net debt is low at 2.4% of market value and approximately 96.0% of the direct debt is scheduled to be repaid within 10 years, which are, in our view, positive credit factors.

The vast majority of Ada's direct debt is supported by the water and sewer revenue funds. The city has no plans to issue additional debt at this time.

Ada's pension contributions totaled 3.3% of total governmental fund expenditures in 2014. The city made its full annual required pension contribution in 2014.

Ada provides pension benefits through a cost-sharing, multiple-employer, defined-benefit retirement plans administered by the Minnesota Public Employees' Retirement Association. It does not pay for any portion of retiree health care premiums, but allows employees to stay on its health insurance plan after retirement and continue to pay the same premium rate as active employees. As such, a portion of the city's contributions to the health care plan for active employees constitutes an implicit subsidy contribution on behalf of its retirees. However, the city had not quantified this implicit liability in its most recently available audit.

Adequate Institutional Framework

The Institutional Framework score for Minnesota cities with a population between 1,000 and 2,500 and an audit required by state statute is adequate. See "Institutional Framework Overview: Minnesota Local Governments."

Outlook

The stable outlook reflects Ada's very strong flexibility and liquidity. Although we do not expect to change the rating in the two-year outlook horizon, if the city can rebuild its general fund reserves and maintain its other available reserves at current levels, we could raise the rating. Alternatively, if the city's budgetary performance weakens, leading to lower general fund reserves, we could lower the rating.

Related Criteria And Research

Related Criteria

USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Minnesota Local Governments

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

City of Ada Garbage White Paper

Situation

The City of Ada uses an organized system to orchestrate its trash collection needs; in refuse collection industry speak, this means there is one provider that the city has selected versus multiple for homeowners to choose from. As such, the city pays a flat rate to the vendor that provides the service and then bills residents and businesses for collection. The current contract expires on December 31, 2019. In recent years, the City of Ada has billed customers based on a basic classification structure which likely assumes a certain volume level for each billing category. Recent criticisms from the public regarding fairness and equity resulted in the development of this white paper.

Regional Organized System Billing Trends

According to the Minnesota Pollution Control Agency's "Analysis of Waste Collection Service Arrangements" dated June, 2009, a majority of the state's population pays based on volume of trash collected. This is accomplished by customers purchasing a plan, e.g. 30, 60 or 90 gallons, and then purchasing the appropriate receptacle to accommodate their trash in accordance with their plan. A recent discussion with an expert who managed refuse collection in Arizona for several years revealed that the volumetric approach used by larger communities appears to be an industry standard in many places. It also incorporates fairness into the billing process.

It is important to note however that small towns in Northwestern Minnesota bill their residents using the same collection approach as the City of Ada. Therefore, regionally, collection rates based on established categories not focused on volume appear to be the norm.

Rate Analysis

When compared to three regional cities, residents of Ada pay roughly 17% less per month than their neighbors. ¹For senior citizens, the savings enjoyed for Ada residents was higher; senior citizens in Hawley pay \$12.00 as opposed to \$8.15 in Ada. In addition, it appears that communities price overhead for billing into their pricing models whereas the City of Ada does not; the Billing Clerk is not partially paid through garbage collection rates thereby shifting the overhead expenses to other sources of revenue.

Courses of Action

Maintain the Status Quo

Pros:

- Prices are reasonable
- Comfortable model for many

¹ In 2015, the cities of Hawley charged \$14.14, Dilworth \$14.41 and Gylndon \$15.80

Cons:

- Inequity in pricing structure
- Encourages blight
- Requires overhead for billing expenses from elsewhere

Increase rates in 2016 to reflect regional amounts and truer overhead expenses

Pros:

- City can still maintain rates lower than neighboring communities
- Overhead expenses for billing are covered
- Comfortable model for many

Cons:

- Inequity in pricing structure
- Encourages blight

Maintain 2015 arrangement and adopt a Volumetric Approach in 2016

Pros:

- Improves cost equitability in pricing model
- Reduces blight
- Enables residents to purchase ad hoc volume, e.g. stickers from the city for exceeded capacity

Cons:

- Prices may increase for a large segment of the Ada population
- Ada residents are used to being able to dispose of as much as they want for one price
- May cause people to save trash for following week leading to public health challenges

Conclusion

In summary, the City of Ada has three main options with the potential for a hybrid approach. Achieving an equitable approach for refuse collection is a challenge and will require deliberation and further analysis. It is the recommendation of the City Administrator to develop a more equitable and effective collection rate model however additional analysis is required to determine what the new rate structure would entail.

Protocol for Hiring and Termination Part-Time and Seasonal Employees and Enforcement of Full-Time Employee Personnel Policy

Option 1: Maintain Status Quo

Pros:

- Check and balance for city management structure
- May encourage additional dialog about personnel situations resulting in different action

Cons:

- Deters from council's stated goal of focusing on larger, strategically focused policy and budget issues

Modification Necessary: None

Option 2: Expand Administrator Authority to Hire and Terminate Part-Time and Seasonal Employees; implement punitive action as necessary, e.g. write ups and suspensions (not termination) for full-time employees

Pros:

- Enables more expeditious processing of personnel actions
- Provides city management with process ownership thereby forcing City Hall to act more deliberately when making selection or termination decisions (before the Council owned the issue)
- Enables Council to focus on larger strategic policy and budget goals

Cons:

- Removes historic checks and balances and without a professionally trained management team, there is a potential for mistakes to be made if there is insufficient deliberation

Modifications Necessary: Adjustment of Personnel Policy for the City of Ada and a Resolution delegating responsibility to the City Administrator¹. Specific criteria must be outlined in the personnel policy regarding when the City Administrator can act on hiring and termination

¹ Resolution required as the Charter states in Chapter 2, Sec. 6.02 that the "The city clerk and treasurer shall be subject to the direction of the mayor and council and shall have such duties in connection with the keeping of the public records, the custody and disbursement of the public funds, and the general administration of the city's affairs as the council may prescribe." Additionally, according to the "League of Minnesota Cities Handbook for Minnesota Cities", chapter 8, page 14- "The administrator may not hire and fire employees..... unless the council sets specific standards governing these actions".

Shauna L. Coons
Direct Dial: (612) 843-5820
Email: scoons@bestlaw.com

BEST & FLANAGAN

April 27, 2015

VIA FEDERAL EXPRESS

Mayor Jim Ellefson
Shelley Kappes, City Clerk-Treasurer
Thomas Opheim, City Attorney
City of Ada
P.O. Box 32
404 West Main Street
Ada, MN 56510

Re: Proposed Issuance of NWMMCHRA 2015 Pooled Housing Revenue Refunding Bonds

Ladies and Gentlemen:

The Northwest Minnesota Multi-County Housing and Redevelopment Authority (the "Authority") has received a proposal from Dougherty & Company, LLC in Minneapolis, Minnesota to issue the Refunding Bonds described above. This proposed refinancing would not require any financial support from any of the cities involved in this pooled refinancing.

In order to accomplish the new refunding issue, certain documents of the Authority, the Bond Trustee and the City need to be approved or amended, including the Authorizing Resolution. Enclosed with this letter you will find a City Resolution that authorizes the Authority to issue the Refunding Bonds.

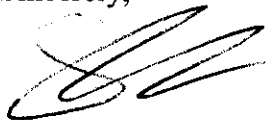
The Authority needs to receive the approved Resolution from the City and one from the Economic Development Authority ("EDA") by the end of May or early June; and therefore, requests that you schedule consideration of the City's Resolution at the next City Council meeting in May. In addition, the Amendment to Joint Powers Agreement between the Authority and EDA, and the Resolution regarding such amendment, have been sent to the EDA for its consideration at its May meeting.

Following adoption of the enclosed Resolution, please forward a certified copy to me at the address above.

BEST & FLANAGAN

If you have any questions regarding the structure of the proposed refunding bonds or the specific amendments or extensions necessary for their issuance, please contact me at (612) 843-5820 or Dan Nelson, at (612) 349-5694, or if you have any questions or comments regarding the proposal or the required local actions, please contact the Authority's Executive Director, Lee Meier at (218) 637-2431 or the Authority's General Counsel, Charlie Fitzgerald at (218) 281-4160.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shauna L. Coons', with a stylized, cursive script.

Shauna L. Coons

SLC:nrb
Enclosures

cc: Lee Meier

RESOLUTION NO. 2015-05-02

CITY OF ADA, MINNESOTA

RESOLUTION GIVING APPROVAL TO NORTHWEST MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITY TO ISSUE REFUNDING BONDS WITH RESPECT TO MULTI-FAMILY RENTAL HOUSING FACILITIES IN THE CITY OF ADA

WHEREAS, the Northwest Minnesota Multi-County Housing and Redevelopment Authority (the "NMCHRA") has been established pursuant to Minnesota Statutes, Section 469.004 as the multi-county housing and redevelopment authority for the counties of Polk, Kittson, Norman, Marshall, Red Lake, Pennington and Roseau, Minnesota, which area of operation does not include the City of Ada (the "City"); and

WHEREAS, pursuant to a Joint Powers Agreement (the "Joint Powers Agreement") entered into between the NMCHRA and the Economic Development Authority in and for the City, Minnesota (the "EDA") pursuant to Minnesota Statutes, Section 469.012, subdivision 3 and Section 471.59, the NMCHRA was authorized to issue bonds and acquire and construct a multi-family housing facility in the City; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C and Sections 469.001 to 469.047 (together the "Act"), the NMCHRA is authorized to adopt a housing plan and carry out programs for the financing of multi-family housing including housing development projects; and

WHEREAS, the NMCHRA adopted a housing finance program (the "Program") for the financing of one or more housing development projects (the "Project"), located in the City, as more fully described in Exhibit A attached hereto, following public hearings thereon on March 10 and 11, 1994; and

WHEREAS, the City has previously authorized the NMCHRA to issue its bonds (the "1994 Bonds") to finance the costs of the Project in the City; and

WHEREAS, the NMCHRA issued refunding bonds (the "2005 Bonds") to redeem the 1994 Bonds and refinance the Project; and

WHEREAS, the NMCHRA has proposed to issue its Governmental Housing Revenue Refunding Bonds (Pooled Housing Program) Series 2015 (the "Series 2015 Bonds") to redeem the 2005 Bonds and refinance the Project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ada, Minnesota:

1. In order to serve the housing needs of the City, the City Council of the City hereby affirms its determination and declaration that there is a need for the NMCHRA to exercise its powers in the City in accordance with the Joint Powers Agreement and approves the issuance by the NMCHRA of its 2015 Bonds to redeem the 2005 Bonds and refinance the Project.

2. The City will cooperate with and assist the NMCHRA in the preparation of any necessary submissions, applications or approvals required or necessary to successfully undertake the redemption of the 2005 Bonds.

ADOPTED: _____, 2015

CITY OF ADA, MINNESOTA

By _____
Its Mayor

Attest:

By _____
Its City Clerk

EXHIBIT A

PROJECT DESCRIPTION:

Thirty-One (31) units of Congregate Senior Housing

LOCATION:

East 1st Street between East 1st Avenue and East 2nd Avenue

UNITS:

13 – 1BR

18 – 2BR

31 units total

STATE OF MINNESOTA)
)ss
COUNTY OF NORMAN)

AUTHENTICATING CERTIFICATE

I, the undersigned, being the duly qualified City Clerk of the City of Ada, Minnesota, hereby certify that I have carefully compared the preceding attached Resolution No. _____, adopted at a regular meeting of the City Council of the City of Ada held on _____, 2015, entitled:

RESOLUTION GIVING APPROVAL TO NORTHWEST MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY TO ISSUE REFUNDING BONDS WITH
RESPECT TO MULTI-FAMILY RENTAL HOUSING FACILITIES IN THE CITY OF ADA

with the original thereof on file and of record in my office, and that the same is a full, true and complete copy of said original.

I further certify that a majority of the members of the City Council were present throughout the meeting, and that the Resolution was passed by a majority of all of the members of the Council present.

Witness my hand and the official seal of said City of Ada this ____ day of _____,
2015.

[Seal]

City Clerk

009860/930386/2113956_2